

Message Text

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C O N F I D E N T I A L MILAN 0755

EO 11652: GDS
TAGS: EINV, ELAB, IT
SUBJECT: BRIDGEPORT BRASS ACHIEVES 10 PERCENT LAYOFF

SUMMARY: BRIDGEPORT BRASS SUBSIDIARY OF NATIONAL DISTILLERS
WITH 325 EMPLOYEES NEARLY 17 YEARS IN OPERATION MAKING
TIRE VALVES NEAR BERGAMO HAS JUST SUCCEEDED IN NEGOTIATING
TEN PERCENT REDUCTION IN FORCE. EXPERIENCE IS REVEALING
INSIGHT TO CHANGING TRADE UNION CLIMATE. END SUMMARY.

1. AT END OF MARCH AMERICAN PRESIDENT OF BRIDGEPORT BRASS
S.P.A. CALLED ON US TO ASK ADVICE AND SUPPORT FOR PLANNED
TEN PERCENT REDUCTION IN FORCE. COMPANY HAS BEEN IN
OPERATION NEAR BERGAMO SOME 17 YEARS AND PRESIDENT HAS BEEN
THERE FOR PAST 16. MAJOR MANUFACTURER OF TIE VALVES IT
HAS 325 EMPLOYEES AND EXPORTS ABOUT HALF OF ITS PRODUCTION
FROM ITALY BUT NONE TO THE US. WHILE COMPANY GENERALLY
SATISFACTORY, IT LOST ABOUT \$800,000 IN 1977 AND ABOUT
\$500,000 IN 1976. DURING FIRST QUARTER 1978 LOSSES WERE
ABOUT \$143,000. FACED WITH THIS LOSS HOME OFFICE DECIDED
IN MID-MARCH TO CLOSE PLANT AND PULL OUT UNLESS IT COULD
GET TEN PERCENT REDUCTION IN PAYROLL - I.G., CUT ABOUT
35 EMPLOYEES.

2. BRIDGEPORT HAD USED SHORT TIME WITH
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GOVERNMENT'S UNEMPLOYMENT COMPENSATION SCHEME, BUT CONCLUDED
THAT IT NEEDED PERMANENT RELIEF AND WAS READY ABANDON PLANT
AND EQUIPMENT TO CUT LOSSES IF UNABLE TO GET CUT IN WORK
FORCE. TRADE UNIONS ADAMANTLY OPPOSED ANY REDUCTION IN
FORCE.

3. PRESIDENT BEGAN WITH MANUFACTURERS' ASSOCIATION AND MEETINGS

SCHEDULED WITH UNIONS TO LAY OUT COMPANY DESIRES. AT THIS POINT CALLED ON US FOR ADVICE AND SUPPORT.

4. WE SAID WE BELIEVED REDUCTION NEGOTIABLE IN PRESENT CLIMATE IF HANDLED PROPERLY AND OFFERED SPEAK TO NEW PREFECT AND TRADE UNIONS AT REGIONAL LEVEL. WE FELT IMPORTANT GET UNION INPUT ABOVE LOCAL LEVEL TO AVOID HAVING PLANT COMMITTEE BOX IN LOCAL AND PROVINCIAL UNIONS WITH REFUSAL TO NEGOTIATE THAT COULD MAKE CONCESSIONS DIFFICULT AND FORCE HIGHER UNION LEVELS TO BACK THEIR PLANT AND LOCAL ORGANIZATIONS. PRESIDENT OF BB AUTHORIZED US TO REVEAL THAT COMPANY WAS ABSOLUTELY DECIDED PULL OUT UNLESS RELIEVED OF EXCESS WORKERS.

5. PREFECT IMMEDIATELY AGREED TO SPEAK TO LOCAL UNIONS AND TOOK LINE THAT LOSS OF 35 JOBS LESS SERIOUS THAN OF ALL 325.

6. REGIONAL SECRETARY OF CGIL, ALSO TOOK SOME POSITION. HE WELCOMED WARNING OF PROBLEM SAYING IT IMPORTANT AVOID REPEATING ERRORS OF INNOCENTI BATTLE AND CLOSURE OF WHERE PLANT UNIONS REFUSED ACCEPT SINGLE LAY-OFF UNTIL WHOLE COMPANY COLLAPSED. AFTER SEVERAL DAYS CALLED BACK TO SAY THAT LOCAL NEGOTIATORS HAD NO ILLUSIONS AND THAT HE EXPECTED AGREED OUTCOME.

7. BB PRESIDENT CALLED EVENING MAY 16 TO ANNOUNCE SUCCESSFUL CONCLUSION OF NEGOTIATION. AGREEMENT WAS TO LAY OFF 32
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PERMANENTLY. TO STIMULATE RESIGNATIONS, COMPANY TO PAY EXTRA SERVERANCE BONUS FOR EACH MONTH BETWEEN NOW AND END OF SEPTEMBER 1978. ANY RESIGNING AT THAT TIME WOULD STILL GET LUMP SUM EXTRA BONUS OF ONE MILLION LIRE. MAXIMUM EXTRA BONUS FOR THOSE RESIGNING RIGHT NOW WOULD BE 1, 4 MILLION LIRE.

8. PRESIDENT, WHO HAS SHOWN GREAT COMPASSION AND UNDERSTANDING FOR EMPLOYEE AND UNION POSITION FROM OUTSET VERY PLEASED. HE SAYS THAT ALTHOUGH THERE WAS SERIOUS DISAGREEMENT WITHIN UNIONS, THEY LIKE FORMULA THAT REWARDS RESIGNATIONS AS DOES LOCAL MANUFACTURERS' ASSOCIATION.

9. BB EXPERIENCE IS YET ANOTHER SIGN OF A PROFOUND CHANGE IN LABOR RELATIONS CLIMATE NOT ONLY AT NATIONAL LEVEL, BUT AT REGIONAL AND EVEN PLANT LEVEL AS WELL. WHILE MOST SPECTACULAR DEMONSTRATION OF THIS IS AT ALFA ROMEO'S MILAN PLANT, BRIDGEPORT BRASS OUTCOME SUGGESTS THAT CHANGE NEED NOT BE MADE UNDER PARTY OR NATIONAL UNION PRESSURE. AND EACH PRECEDENT MAKES OTHER CONCILIATORY ADJUSTMENTS OF LABOR-MANAGEMENT THAT MUCH EASIER.FINA

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